WEEKLY ECONOMIC REVIEW

May 30, 2008

In March, average weekly earnings in Alberta grew by 6.3% from a year ago to $873.66. Year-to-date, average weekly earnings were up 4.9%. On an industry basis, the most notable increases were registered in arts, entertainment and recreation (+25.1%), forestry and logging (+13.6%), and mining and oil and gas (+6.9%). Nationally, average weekly earnings rose by 3.2% year-over-year.

In the first quarter of 2008, total cash receipts of Alberta farmers jumped 15% to $2.6 billion from the previous quarter, driven mainly by a huge increase in crops (+29.6%). The surge in grain and oilseed prices boosted crop receipts. However, lower prices, higher feed costs, and a stronger loonie continued to squeeze cash receipts of Alberta cattle and hog producers (-6.6%).

Surprisingly, Canada's real gross domestic product (GDP) in the first quarter of 2008 fell 0.3% at an annual rate. This marks the first contraction since 2003. A sharp reduction in motor vehicle production combined with inclement weather conditions hampered economic activity. Despite the weakness in manufacturing (which is reflected in the decline in exports), the domestic economy grew 0.6% on the back of strong consumer spending and business investment. Compared to the first quarter of 2007, real GDP was up 1.7%. Meanwhile, the Canadian GDP deflator grew 3.2% in the fiscal year 2007–08.

Cdn Dollar (US¢/CS)

May 30, 2008	100.6
May 23, 2008	101.2
2008-09 YTD	99.3

WTI Oil US$/bbl

May 29, 2008	$ 126.62
May 22, 2008	$ 130.81
2008-09 YTD	$ 118.61

Nymex Natural Gas CS/MMBtu *

June Contract

May 30, 2008	$11.52
May 23, 2008	$11.66

*Estimate based on Nymex Futures Market Price

U.S. real GDP grew at an annual rate of 0.9% in the first quarter of 2008, largely driven by its strong trade sector. In contrast to Canada, the U.S. domestic economy remains weak as it stalled in the current quarter following a decline in the fourth quarter of 2007 (-0.4%).

Soaring petroleum prices pushed both the cost of manufactured products and raw materials to record levels in April. The industrial product price index rose 1.4% from March, while the raw materials price index grew 5.1%.

Crude oil prices have retreated this week, signalling that last week's rapid run-up was not sustainable. Natural gas prices were also down 14 cents from last week. Weak economic data caused the loonie to fall slightly.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Average Weekly Earnings ($) [2]	**March**			
Alberta	873.66	0.4%	6.3%	4.9%
Canada	788.71	0.3%	3.2%	3.0%
Canada	**April**			
Industrial Product Price Index (1997=100)	119.6	1.4%	1.0%	0.1%
Raw Materials Price Index (1997=100)	214.0	5.1%	23.0%	19.2%

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted.